Quarterly Financial Report

3rd Quarter
(Q3)
Unaudited
For the nine
months ended
May 31, 2013

Blue Water Bridge Canada

Pont Blue Water Canada

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1.0 Background, Legislative Authority and Compliance

Blue Water Bridge Canada (BWBC) owns and operates the Canadian half of the Blue Water Bridge, linking Point Edward/Sarnia, Ontario to Port Huron, Michigan. With between 14,000 – 17,000 commercial and passenger vehicles crossing the bridge daily, it is Canada's second busiest international land crossing for commercial vehicles, the busiest for livestock shipments and the third busiest for total vehicles. BWBC is recognized for its customer-centred operations, which are achieved, in part, through its close working relationship with its bridge co-owner, the Michigan Department of Transportation (MDOT) and border security and public safety agencies, including the Canada Border Services Agency (CBSA), the Canadian Food Inspection Agency (CFIA) and the U.S. Customs and Border Security Agency (CBP). The twinned bridges (Span 1 opened in 1938 and restored in 1997, with Span 2 opening in 1997) are a key link in the Ontario-Quebec Continental Gateway and Trade Corridor.

In 2011, the government leaders of Canada and the United States jointly announced the Shared Vision for Perimeter Security and Economic Competitiveness. Major land crossing like the Blue Water Bridge will serve as focal points from which the vision of enhancing continental security and accelerating the legitimate flow of people, goods, and services between the neighbouring countries will be realized. As a crucial international bridge, BWBC:

- Is a non-appropriated parent Crown corporation (2002), operating under a governance model prescribed by the Blue Water Bridge Authority Act, S.C. 1964-65, c. 6, and which has been financially self sustaining for close to 50 years
- Maintains a 24-hour-a-day, 365-days-per-year operation, within a multi-dimensional and dynamic environment with international, federal, aboriginal, provincial, regional and municipal partnerships and interests
- Provides employment for close to 70 people
- Continues to design and implement a multi-year master capital development plan that since 2009 has invested $12.4M in critical bridge infrastructure and plaza improvements for the benefit of current and future international travellers and contributed to Canada's Economic Action Plan and Infrastructure Stimulus Fund through key project elements totalling $8M
- Participates in a number of pilot projects under the federal government's Perimeter Vision program, which are helping to effectively streamline and secure the Canada/U.S. border and enhance regulatory cooperation, to ensure that people and goods flow freely and safely between the neighbouring countries.

2.0 Q3 Fiscal 2013 in Review

This quarterly financial report has been prepared in accordance with the requirements of the Financial Administration Act and the Standard on Quarterly Financial Reports for Crown Corporations issued by the Treasury Board Secretariat.

This quarterly financial report assesses the operations and financial status of BWBC for the third fiscal quarter ended May 31, 2013. It should be read in conjunction with the interim unaudited condensed financial statements and supporting notes included herein and the annual audited financial statements included in BWBC's 2012 Annual Report (www.bwbc.gc.ca). Unless otherwise indicated, all amounts are expressed in Canadian dollars.

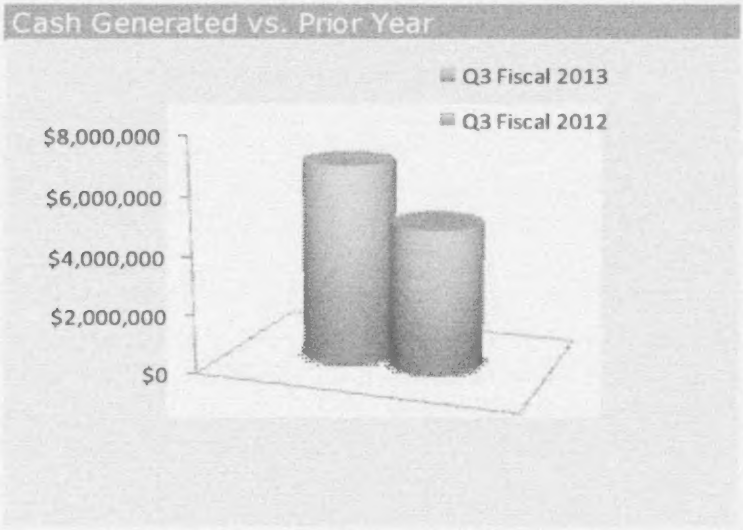
2.1 Summary of Results

BWBC reports net income of $248 thousand for the nine months ended May 31, 2013 (Q3) compared to a net loss of $3.6 million for the nine months ended May 31, 2012. Q3 results have been strong with traffic volumes increasing by 3.1% for cars and 4.2% for trucks compared to Q3 2012. Also, management has been working diligently to control costs and has improved BWBC's expenses by almost $2.2 million in comparison to 3rd Quarter 2012.

BWBC is slightly ahead of the Corporate Plan for most revenue items. Truck traffic increased more than forecasted ($891k or 9.6% favourable). Also, Currency Exchange revenue increased more than expected due to the increased car traffic and the volume of customer transactions ($116k or 11.7% favourable).

Compared to the Corporate Plan on the expense side, BWBC is significantly below forecast by 21.1% or $4.6 million primarily due to improved control on bridge maintenance ($2.9 million or 74.6% favourable) and to depreciation expenses ($1.7 million or 22% favourable). Results from the most recent bridge engineering inspection have substantiated the plan to commence bridge span paving in fiscal 2015. This work had been budgeted for fiscal 2013 pending the inspection. As a result, maintenance expenses have a favourable variance to plan. Depreciation expense has decreased due to the change of accounting policy for the Blue Water Bridge Corporate Centre (BWBCC) wherein the determination was made that the facility should depreciate over 70 years straight-line versus 5% diminishing balance basis.

Both toll revenue and cash generated from operations have increased significantly over the same period of the prior year primarily due to the increase in traffic, as noted above, and the full toll rate adjustments. A comparison of cash generated from operations is provided below.



For BWBC to meet its debt covenants, the organization needs to maintain a gross debt service coverage ratio (GDSCR) greater than 1.25 and a debt service coverage ratio (DSCR) greater than 1.00. As at May 31, 2013, the GDSCR was 4.64 (3.96 as at May 31, 2012) and the DSCR was

1.42 (1.21 as at May 31, 2012). The increase in the GDSCR and DSCR is mainly attributed to an increase in BWBC's cash position.

2.2 Outlook

BWBC is optimistic that the increase in traffic patterns will continue for the balance of the current fiscal year and into fiscal 2014. Steady recovery in the USA is contributing the upswing in commercial traffic. Improvement in the U.S. dollar against the Canadian dollar is also a contributing factor in the economic improvement. BWBC will look forward to future quarters to identify new operational improvements throughout the plaza. Work continues on the development of the long-term master capital plan with an eye to completing this plan by the fall of 2013.

3.0 Discussion of Financial Results

Period over Period Comparisons
For the nine months ended May 31, 2013

Q3 2013 and Q3 2012 totals are expressed in accordance with International Financial Reporting Standards (IFRS).

Revenues

Toll Revenue increased by $1.5 million or 11.8%. Truck Volumes increased by 20,954 or 4.2% ($1.1 million increase) and car volumes increased by 39,711 or 3.1% ($274k increase). Also, there was a full toll adjustment in January 2013 contributing to the increase in revenues. The U.S. dollar strengthened over the Canadian dollar from prior year ($121k increase).

Rental Revenue increased by $69k or 3.9% due to an increase in sales at the Duty Free Shop which affects the variable rent.

Currency Exchange Revenue increased by $106k or 10.6% primarily due to the increase in the number of customer transactions ($148k increase). Foreign exchange effect decreased ($40k).

Interest Income decreased due to lower interest rates on bank accounts and investments ($39k decrease).

Expenses

General and Administrative Expenses decreased slightly primarily because of fewer legal fees related to collective bargaining and HR staffing adjustments as incurred in fiscal 2012 ($60k decrease); Computer Supplies decreased ($32k) due to a decrease in monthly software expenses. BWBC is currently planning for the newest phase of its master capital plan and has been reshaping the organization to work more efficiently. Therefore, the short-term need for consultants increased ($67k increase).

Maintenance Expenses decreased due to the timing of prior year Bridge Inspection costs ($81k decrease) and Span 1 abutment repairs in fiscal 2012 ($270k decrease).

Salaries expenses increased by 3.2% due to several reasons. Union wages increased 2.75%. Also, administration added 2 additional employees: a Human Resource Specialist and an IT Support Analyst. Finally, with phase 1 of the master capital plan completed, fewer capital projects have been ongoing, thus reducing the need to capitalize salaries in Q3 2013 to the extent of Q3 2012.

Benefit Expenses increased due to employee future benefits being higher in 2013 and also as a result of the increase in salaries. As a result of an actuarial evaluation as at August 31, 2012, an adjustment was made that will decrease this variance at yearend 2013.

Interest expense decreased due to the diminishing balances of the bond principal and the $15 million credit facility.

Depreciation expense decreased mainly due to a change in accounting policy for the Blue Water Bridge Corporate Centre to straight-line 70 years from 5% diminishing balance.

3.1 Risk Analysis

To date, there are no changes in our risk analysis from those identified in the 2012 Annual Report. See the 2012 Annual Report for more detail.

3.2 Significant Changes

To date, there are no significant changes from the 2012 Annual Report. See the 2012 Annual Report for more detail.

4.0 BWBC Interim Unaudited Condensed Financial Statements

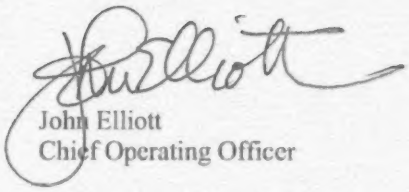
For the nine months ended May 31, 2013

Quarterly Financial Statements
(Interim Unaudited)

4.1 Statement of Management Responsibility

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.



John Elliott
Chief Operating Officer

Point Edward, Ontario
Canada

July 31, 2013

4.2 Statement of Financial Position

(Unaudited) (Canadian $) As at		May 31, 2013 Year-to-date		August 31, 2012
Assets				
Current				
Cash	$	**13,902,885**	$	9,314,854
Investments		**-**		32
Trade and other receivables		**651,398**		421,955
Prepaid expenses		**48,159**		372,045
		14,602,442		10,108,886
Non-current				
Investments		**1,206,405**		1,167,581
Property, plant and equipment		**209,489,033**		214,245,692
Investment property		**15,492,562**		16,055,570
Intangible assets		**50,873**		108,703
Restricted assets				
Debt service reserve fund		**3,611,801**		3,531,188
Operating and maintenance contingency fund		**2,720,326**		2,286,834
		232,571,000		237,395,568
Total assets	$	**247,173,442**	$	247,504,454
Liabilities				
Current				
Trade and other payables	$	**4,486,417**	$	4,020,119
Holdbacks payable		**3,616**		118,990
Deferred revenue		**2,334,160**		1,971,245
Current portion of bank loan payable		**400,402**		390,206
Current portion of bonds payable		**3,553,170**		3,440,690
		10,777,765		9,941,250
Non-current				
Employee benefits		**6,256,723**		5,775,037
Deferred revenue		**208,000**		-
Bank loan payable		**13,904,275**		14,204,560
Bonds payable		**78,887,949**		80,693,106
		99,256,947		100,672,703
		110,034,712		110,613,953
Equity				
Retained earnings		**137,138,730**		136,890,501
Total liabilities and equity	$	**247,173,442**	$	247,504,454

The accompanying notes form an integral part of the interim unaudited financial statements.

4.3 Statement of Comprehensive Income

(Unaudited) (Canadian $) For the period ended	Three months ended May 31, 2013	Three months ended May 31, 2012	Nine months ended May 31, 2013	Nine months ended May 31, 2012
Revenues				
Tolls and services	$ 5,180,215	$ 4,642,814	$ 14,383,972	$ 12,868,205
Facility rentals	593,468	581,137	1,849,078	1,780,370
Currency exchange department	361,644	373,662	1,104,707	999,106
Interest and sundry	86,404	92,521	226,062	264,493
Gain on disposal of property, plant and equipment				10,151
	6,221,731	5,690,134	17,563,819	15,922,325
Expenses				
Depreciation of property, plant and equipment	1,812,466	2,208,852	5,396,484	7,327,487
Interest on long-term debt	1,479,129	1,541,825	4,417,780	4,640,439
Human resources	1,538,480	1,474,166	4,576,680	4,209,804
Maintenance expenses	159,481	490,919	968,501	1,391,374
General and administrative	476,352	367,722	1,320,106	1,302,902
Depreciation of investment property	188,381	265,488	565,142	456,539
Depreciation of intangible assets	5,825	105,081	64,677	184,605
Loss on disposal of property, plant and equipment	6,220		6,220	
	5,666,334	6,454,053	17,315,590	19,513,150
Comprehensive income (loss) for the period	$ 555,397	$ (763,919)	$ 248,229	$ (3,590,825)

Statement of Changes in Equity

Retained Earnings, beginning of period	$ 136,583,333	$ 138,508,860	$ 136,890,501	$ 141,335,766
Comprehensive income (loss) for the period	555,397	(763,919)	248,229	(3,590,825)
Retained Earnings, end of period	$ 137,138,730	$ 137,744,941	$ 137,138,730	$ 137,744,941

4.4 Statement of Cash Flows

(Unaudited) (Canadian $) For the period ended	Three months ended May 31, 2013	Three months ended May 31, 2012	Nine months ended May 31, 2013	Nine months ended May 31, 2012
Cash Flows from operating activities				
Comprehensive income (loss) from operations	$ 555,397	$ (763,919)	$ 248,229	$ (3,590,825)
Adjustments for items not affecting cash				
Depreciation of property, plant and equipment	1,812,466	2,208,852	5,396,484	7,327,487
Depreciation of investment property	188,384	265,488	565,145	456,539
Depreciation of intangible assets	5,821	105,081	64,673	184,605
Employee benefits	172,359	640,909	481,686	626,733
Interest on investments	32	(19,466)	32	(44,979)
Bond agency fees			31,821	31,849
Gain on disposal of property, plant and equipment	6,220		6,220	(10,151)
Foreign exchange (gain) loss	(65,033)	(110,267)	109,684	(5,309)
	2,675,646	2,326,678	6,903,974	4,975,949
Changes in non-cash working capital items				
Trade and other receivables	(66,111)	(25,939)	(229,443)	1,464,103
Prepaid expenses	146,433	120,191	323,886	342,405
Trade and other payables	1,286,598	1,563,412	466,298	388,052
Holdbacks payable	(133,679)	11,240	(115,374)	(980,876)
Deferred revenue	(139,034)	(39,109)	570,915	390,108
	1,094,207	1,629,795	1,016,282	1,603,792
Net cash provided by operating activities	3,769,853	3,956,473	7,920,256	6,579,741
Cash Flows from investing activities				
Purchase of property, plant and equipment	(190,057)	(229,238)	(641,963)	(1,656,739)
Purchase of intangible assets			(6,843)	
Proceeds on disposal of property, plant and equipment	(6,220)		(6,220)	10,151
Investments				
Investments purchased	(13,106)		(38,824)	(12,373)
Restricted assets				
Matured investments		816,826		816,826
Investments purchased	(22,361)	(864,803)	(514,105)	(959,418)
Net cash used in investing activities	(231,744)	(277,215)	(1,207,955)	(1,801,553)
Cash Flows from financing activities				
Cash repayment of bank loan	(98,692)	(96,607)	(290,089)	(280,870)
Cash repayment of bonds payable			(1,724,497)	(1,619,054)
Net cash used in financing activities	(98,692)	(96,607)	(2,014,586)	(1,899,924)
Foreign exchange loss on cash held in foreign currency	65,033	110,267	(109,684)	5,309
(Decrease) Increase in cash during the period	3,504,450	3,692,918	4,588,031	2,883,573
Cash, beginning of period	10,398,435	7,178,345	9,314,854	7,987,690
Cash, end of period	$ 13,902,885	$ 10,871,263	$ 13,902,885	$ 10,871,263

The accompanying notes form an integral part of the interim unaudited financial statements.

4.5 Selected Notes to the Interim Unaudited Condensed Financial Statements

The interim unaudited condensed financial statements should be read in conjunction with BWBC's fiscal 2012 annual report and with the narrative discussion included in this quarterly financial report.

1. Basis of Preparation

This quarterly financial report has been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS), the Financial Administration Act and the Standard on Quarterly Financial Reports for Crown Corporations issued by the Treasury Board Secretariat.

2. Summary of Significant Accounting Policies

a) Financial Instruments

Financial assets or liabilities are measured at fair value on initial recognition, including transaction costs. The measurement of financial instruments in subsequent periods depends on their classification. The classification of BWBC's financial instruments is presented in the following table:

Categories	Financial Instruments
Financial assets held-to-maturity	Investments Restricted assets
Loans and receivables	Trade and other receivables Cash
Financial liabilities measured at amortized cost	Trade and other payables Holdbacks payable Bank loan payable Bonds payable

Investments and restricted assets are measured at amortized cost. Interest is recognized using the effective interest rate method and recognized in the Statement of Comprehensive Income. Investments are classified as non-current assets, except for those with maturities that are less than 12 months from the end of the reporting period, which are classified as current assets. Restricted assets are classified as non-current in accordance with the timing of their intended use.

Assets classified as loans and receivables are recorded at amortized cost using the effective interest rate method.

Other financial liabilities are measured at amortized cost using the effective interest method.

4.5 Selected Notes to the Interim Unaudited Condensed Financial Statements

2. Summary of Significant Accounting Policies continued...

b) Impairment of Assets

i) Financial Assets

An assessment is made at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the Statement of Comprehensive Income.

ii) Non-Financial Assets

Assets that are subject to depreciation are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the entity shall estimate the recoverable amount of the asset. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped into the smallest group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

c) Property, Plant, Equipment, Investment Property, and Intangible Assets

Property, plant and equipment is presented on the Statement of Financial Position as cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition or the construction of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to BWBC and the cost of the item can be measured reliably. Repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they occurred.

Land is not depreciated. Depreciation on other assets is calculated using the methods and estimated useful lives below.

4.5 Selected Notes to the Interim Unaudited Condensed Financial Statements

2. Summary of Significant Accounting Policies continued...

c) Property, Plant, Equipment, Investment Property, and Intangible Assets continued...

Depreciation rates based on the estimated useful life of an asset are as follows:

Bridges and Truck Ramp	Straight-line for 50-75 years
Buildings	Straight-line 5-70 years
	5%-20% Diminishing balance basis
Buildings - residential (including land)	No depreciation
Equipment	10% Diminishing balance basis
Equipment - computer	Straight-line 5-10 years
	10%-20% Diminishing balance basis
Property improvements	10%-20% Diminishing balance basis
Vehicles and construction equipment	20% Diminishing balance basis
Investment property	5%-20% Diminishing balance basis
	5-70 years straight-line
Intangible assets	Straight-line for 5 years

Residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period, or more often if events or circumstances dictate.

Property, Plant, and Equipment

i) Buildings

Ten buildings and all of the old booths that were not built in BWBC's latest phase of the master capital plan have been identified for demolition in accordance with the master capital plan. Depreciation has been accelerated to depreciate the remaining net book value over the period of time through to the planned date of demolition.

ii) Buildings – Residential

No depreciation on buildings-residential is recorded. The total acquisition cost of the buildings- residential will be transferred to the land account when these buildings are demolished.

iii) Construction-in-Process

Construction in process is not depreciated. When projects are significantly completed and put in use, the costs are transferred to the appropriate asset account and depreciation is initiated.

Intangible assets

The costs of purchases of computer software that meet the definition of intangible assets and that are separable from an item of related hardware are capitalized separately and depreciated over their useful lives on a straight-line basis over five years.

4.5 Selected Notes to the Interim Unaudited Condensed Financial Statements

2. Summary of Significant Accounting Policies continued...

c) Property, Plant, Equipment, Investment Property, and Intangible Assets continued...

Investment Property

Investment property is property held to earn rental income. Investment property consists of property held under operating leases with tenants such as commercial customs brokers, private coffee shops, and a duty free store.

Properties which comprise a portion that is held to earn rental income or for capital appreciation and another portion held for use in the supply of services or for administrative purposes are accounted for separately as investment property and property, plant and equipment, respectively, if these portions could be sold separately or leased out separately under a finance lease.

Investment property is measured initially at cost and is subsequently accounted for under BWBC's accounting policy for property, plant and equipment.

d) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. BWBC's definition of a qualifying asset is any asset that costs over $1 million and takes over a year to be substantially ready for intended use or sale.

When general borrowings are incurred for the development of a qualifying asset, the capitalization rate applied to the resulting figure is the weighted average of the borrowing rates incurred.

e) Revenue Recognition

Toll and services revenues are recognized and recorded at the time the tolls are collected when the vehicles pass through the toll lanes. Payments received in U.S. dollars are translated into Canadian dollars based on daily exchange rates.

Facility rentals revenues are recognized and recorded in the periods in which they are earned. These revenues include lease payments received from tenants such as commercial custom brokers, private coffee shops, and a duty free store.

Currency exchange department revenues are recorded and recognized at the time the currency exchange transaction is completed. Payments received in U.S. dollars are translated into Canadian dollars based on daily exchange rates.

Interest is recognized and recorded in the period in which it is earned. The primary component of revenue in this category is bond interest.

4.5 Selected Notes to the Interim Unaudited Condensed Financial Statements

2. Summary of Significant Accounting Policies continued...

e) Revenue Recognition continued...

Deferred revenues are comprised of tolls paid in advance by passenger vehicle users and commercial trucking companies. Revenue is recognized at the time the vehicles pass through the toll lanes. Payments received in U.S. dollars are translated into Canadian dollars based on daily exchange rates.

f) Foreign Currency Translation

The functional and presentation currency of BWBC is the Canadian dollar. Foreign currency accounts are translated to Canadian dollars as follows:

At the transaction date, each asset, liability, revenue or expense is translated through the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in the Statement of Comprehensive Income in the current period.

g) Employee Benefits

BWBC provides post-retirement benefits including health care, dental care, employee assistance, and life insurance to eligible employees and their dependents upon meeting certain requirements. The obligation and the cost of these benefits are determined on an actuarial basis using the projected unit credit method prorated on service and management's best estimate assumptions. The discount rate used to determine the accrued benefit obligation is based on market rates for non-current high quality bonds. The measurement date is August 31st annually.

The net cost consists of the actuarially determined benefits for the current year's service, imputed interest on projected obligations and the amortization of actuarial gains or losses over the expected average remaining service life. Actuarial gains or losses are amortized over the employees' average remaining service life (16 years; 2012 - 16 years) only if the net actuarial gain or loss at the beginning of the year is in excess of 10% of the accrued benefit obligation at that date. These benefits are not pre-funded, resulting in a deficit equal to the accrued liability benefit obligation.

BWBC also provides defined contribution pension benefits to its employees. BWBC's contributions reflect the full benefit cost of the employer and they are charged to operations during the year in which the services are rendered.

h) Leases

As lessor, when assets are leased out under an operating lease, the asset is included in the Statement of financial position within property, plant and equipment and investment property. Leased assets include all of the investment property as disclosed in note 7 of the yearend 2012 financial statements and buildings – residential as disclosed in note 7 of the yearend 2012 financial statements.

4.5 Selected Notes to the Interim Unaudited Condensed Financial Statements

2. Summary of Significant Accounting Policies continued...

i) Federal, Provincial and Municipal Government Assistance

Federal, provincial and municipal government assistance is recorded as a reduction of the cost of the asset acquired when there is a reasonable assurance that the requirements for the approved grants are met.

j) Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ significantly from management's best estimates as additional information becomes available in the future.

The following are estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Useful life expectancy predictions for investment property, intangible assets and property, plant and equipment.

ii) Estimates used in determining post-retirement defined benefit obligations. Additional information relating to employee-related liabilities is disclosed in note 11 of the yearend 2012 financial statements.

iii) Valuation of Investment property to fair value.

k) Critical Accounting Judgments

The preparation of financial statements in accordance with IFRS requires management to make judgements that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ significantly from management's best estimates as additional information becomes available in the future.

The following are judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Classification of investments as held-to-maturity.

ii) Degree of componentization for buildings.

iii) Classification between property, plant and equipment to investment property.

iv) Classification of leases as finance or operating.